

By: Ellis

S.B. No. 1622

A BILL TO BE ENTITLED

AN ACT

relating to certain life insurance policies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 1101, Insurance Code, as effective June 1, 2003, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. CERTAIN POLICIES WITH SMALL FACE VALUE

Sec. 1101.201. APPLICABILITY. (a) This subchapter applies to each insurer authorized to write life insurance under Chapter 841, 882, 884, or 982. This subchapter does not apply to an insurer operating under Chapter 881, 885, 886, 887, or 888 or an insurer exempt under Section 887.102.

(b) This subchapter applies to any individual or group life insurance policy, other than a term life insurance policy, issued in this state, including an industrial insurance policy offered under Chapter 1151.

Sec. 1101.202. REQUIRED INCREASE IN DEATH BENEFIT. (a) A life insurance policy that provides a death benefit of \$2,000 or less must include an option for the insured to increase the death benefit to not more than \$15,000.

(b) The insurer must provide the additional death benefit required by this section:

(1) without evidence of insurability; and

(2) at the insurer's current applicable rates for issuance of a new policy to the insured at the insured's age at the

1 time the option is exercised.

2 (c) The exercise of an option under Subsection (a) may not
3 result in a reduction of the cash value of the life insurance
4 policy.

5 Sec. 1101.203. PROHIBITION. An insurer that issues a life
6 insurance policy that provides a death benefit of \$2,000 or less and
7 that includes the option to increase coverage required by Section
8 1101.202 may not issue a subsequent life insurance policy that
9 provides a death benefit of \$2,000 or less to the same insured.

10 Sec. 1101.204. RULES. The commissioner may adopt rules as
11 necessary to implement this subchapter.

12 SECTION 2. This Act takes effect September 1, 2003, and
13 applies only to a life insurance policy that is delivered, issued
14 for delivery, or renewed on or after January 1, 2004. A life
15 insurance policy that is delivered, issued for delivery, or renewed
16 before January 1, 2004, is governed by the law as it existed
17 immediately before the effective date of this Act, and that law is
18 continued in effect for that purpose.